

Ubuntu Municipality



Annual Report

2007/08

We, Ubuntu Municipality, commit ourselves to be developmental and economically viable, to ensure a better life for all

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1. Chapter 1: Introduction and Overview

1.1. Mayor's Foreword

Together we can do better

At a Presidential Imbizo in Victoria West, former President Thabo Mbeki responded to many questions addressing the needs of the people, as Ubuntu Municipal community consists of poor people with many such needs, and few resources; an annual challenging reality also applicable to 2007/2008 which is now under review.

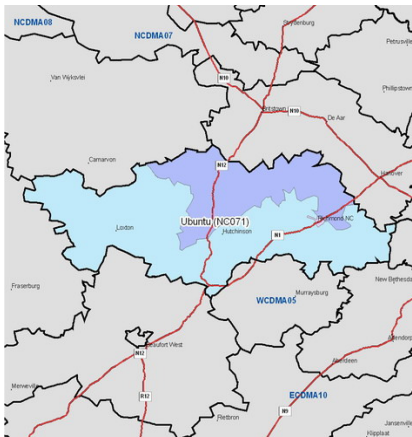
In the IDP and Budget compilation process “we” endeavoured to prioritize these needs in a continuous effort to engage stakeholders, communities and all other persons in the consultation structures we set up for such participation. Ubuntu Municipality can do only as well as the Ubuntu Community support, as: “Together we can do better.”

We are proud to report that Ubuntu Municipality has eradicated all its pre- 1994 bucket systems on time for December 2007, in accordance with the presidential target. We have improved our Audit outcome from an all time Disclaimer, to a qualified opinion; and we strive to commit ourselves to an Unqualified Audit Report. By ensuring that all funds were utilised on identified projects, we spent 100% of our MIG funding. We were able to move people from the Witbloske into new homes; a housing project which definitely improves the lives of our people, taking into account the deteriorated conditions of the Witbloske, an inheritance of the apartheid era. Every Festive Season we embark on a project in every ward so as to employ more than 200 unemployed in order to lighten their festive season. We also adhere to our beloved former President Mandela's saying that “a child in sport is a child out of court”: Each year we organise the Mayoral Sports Cup function, where various sports and cultural groups in the Ubuntu Municipal Area, vie for prizes. We support the poorest of the poor with pauper burials. Every family without an income receives a R800 coffin to bury their loved ones. We are the only Municipality in the country providing our indigent people with alternative energy, e.g. candles, paraffin and matches where no electricity is available.

As part of the Pixley Ka Seme District Municipal Area we contributed both financially and otherwise to the development of the District Growth and Development Strategy. This document aims to contribute to the realisation of the economic growth potential of the district (of which Ubuntu Municipality is an integral part) as well as to address the social needs of the people.

This report opens us to your welcome judgement. We commit ourselves to listening to, and learning from you, the citizens and owners of this municipality. In so doing, we will continue to raise our performance and service delivery to the levels required to meet all our citizens' needs and expectations.

1.2. Overview of the Municipality



Victoria West:

Established in 1843 and named after Queen Victoria. Victoria West marks the beginning of the Diamond Way, lying on the main route from Cape Town to Kimberley. South of the town lies three flat-topped hillocks called Three Sisters.

Richmond:

Established in 1843 on a portion of the farm Driefontein and the first erven were sold on 19 April 1845. The town was named after the Duke of Richmond from Kent.

Loxton:

Originally the farm Phizantefontein, Loxton was bought from AE Loxton in 1899 and built to serve the sheep-farming community. It became a municipality in 1905. In March 1961, three-quarters of the town was destroyed by a flash-flood which caused the dam to burst. The town has since been re-established.

Hutchinson:

When the discovery of diamonds blazed a trail to the interior, the railway followed it. It bypassed Victoria West by 12km, necessitating a railhead. This developed into a village and was named after Cape Governor, Sir Walter Hely Hutchinson. A branch line was built in 1904.

1.3. Executive Summary

1.3.1. SWOT Analysis

Strengths

- ❖ Living in the Country side is a positive
- ❖ In certain sectors of the municipality crime is very low
- ❖ There is a reasonably good relationship between the participating partners in the municipality
- ❖ The environment is good for the people- pollution risk is very low
- ❖ The municipality has a good administrative structure
- ❖ The municipality is financially sound
- ❖ The municipality is equipped to manage crises as they occur
- ❖ The municipality delivers fairly good and comprehensive services

Weaknesses

- ❖ Infrastructure is unsound equipment, roads network, and storm water systems are old, and funding to upgrade and replace, is a problem
- ❖ Poor implementation of policy
- ❖ Poor commitment by some members of the municipality
- ❖ Responsibility is taken by only certain members of the municipality
- ❖ Lack of training
- ❖ Negative Councillors
- ❖ Unproductive personnel
- ❖ Poor supervision of personnel
- ❖ Lack of reporting
- ❖ Not enough personnel
- ❖ Lack of implementation of resolutions
- ❖ Lack of payment of services
- ❖ The audit report
- ❖ Lack of a wellness programme for personnel

Opportunities

- ❖ Tourism
- ❖ The 2 major routes
- ❖ Agriculture
- ❖ Karoo herbs
- ❖ Value adding to products from the region
- ❖ Mineral deposits still to be exploited

Threats


- ❖ Crime, especially in Richmond
- ❖ Unemployment and poverty
- ❖ Alcohol and drug abuse, especially by youth
- ❖ Global warming

- ❖ Negative youthful attitudes
- ❖ Urbanisation
- ❖ Professional Services in the country side
- ❖ HIV/Aids
- ❖ Teen pregnancies/ Child prostitution
- ❖ Street Children
- ❖ Shebeens

1.3.2 Vision


We, Ubuntu Municipality, commit ourselves to be developmentally and economically viable, to ensure a better life for all

1.3.3 Mission

 We strive to achieve:-

- ❖ Effective and efficient service delivery
- ❖ Optimal human and natural resource development
- ❖ Local economic growth and development, job creation and poverty alleviation
- ❖ A vibrant tourism industry
- ❖ Participation in the fight to reduce the infection rate and lessen the impact of HIV/aids, alcohol abuse and other communicable diseases
- ❖ A safe, secure and community friendly environment
- ❖ To ensure sound and sustainable management of Financial and Fiscal affairs of the Municipality

1.3.4 Corporate Values

 Driven by the aspirations of our people, we will respect and uphold the constitution of the Republic of South Africa and , to this end, observe human rights, and to participate in co-operative governance

 We subscribe to the principles of Batho Pele and total quality management

- ✚ We commit ourselves to the Codes of Conduct for councillors and officials in the Municipal Systems Act and to the principles of sound financial management
- ✚ We commit ourselves to promote racial, gender and all other forms of equality and to empower all people in the municipality
- ✚ We regard the personnel of our municipality as our most important resource
- ✚ We believe in integrity in the relations with all our stakeholders
- ✚ We commit ourselves to a corruption free municipality
- ✚ We endorse a “people-driven” approach and, to this end, commit ourselves to ensuring public participation in local government
- ✚ We will respect the views and inputs of all members of the council
- ✚ We commit ourselves to a spirit of completion

1.3.5 Operational Objectives for the financial Year ending 30 June 2008

- ✚ Infrastructure Development and Service Delivery
 - Eradicate backlogs in infrastructure
 - Provide 270 households with potable water
 - Provide sanitation to 270 households
 - EIA - Solid Waste Site
 - High Mast Lighting- 5
 - Loxton Tarring of Gravel Road & Bridge - 500 m
 - Reservoir Richmond- 50% of Building
 - Soliciting funding for extending of Electrical network for 434 households
 - Soliciting funding for upgrading of 3 Sportsgrounds
 - Provision of sustainable basic services
 - Provide basic sanitation to households- 7 days
 - Provide basic electricity to households- 30 days
 - Provide basic water to households- 7 days
 - Dirt bin Project

- Soliciting of Funding for the project
 - Implementation plan
- Provision of bulk and land use services
- Maintaining existing sewerage plant in Richmond
- Expansion and provision of new cemeteries
- Maintenance of public facilities
 - Maintenance of electricity networks
 - Maintenance of sewerage systems
 - Maintenance of recreation and sport facilities
 - Maintenance of council buildings and gardens/park
 - Maintenance & Development of refuse sites
 - Maintenance & Development of cemeteries
 - Maintenance of commonage lands
 - Maintenance of streets and roads
- Waste Management
 - Development of Recycle Plan: Assessment
- Planning and Strategies
 - Develop a water conservation and demand management plan
 - Develop the CIP
 - Compile a comprehensive housing development plan
 - Compile an Environmental plan
 - Develop a Spatial Development Framework & Plan
- Transport Management
 - Develop a Fleet management Plan
- Housing delivery and land development
 - Purchase additional land through the DLA process
 - Township establishment and layout (Surveying)

- Playgrounds
 - Playgrounds: Implementation Plan already 50% implemented
- Municipal Transformation and Organisational Development
 - Management and Reporting
 - Management Meetings-
 - Supervisors
 - Staff
 - Completion of Municipal Manager's instructions
 - Performance Management Systems
 - Developing and Implementing PMS
 - Monitoring and Reporting on PMS
 - Human Resource Management
 - Workplace Skills Plan
 - Implementation of WSP/Monitoring meetings
 - Review Organogram
 - Implementation of job descriptions
 - Equity Plan and Report
 - Learnership Programme/Monitoring meetings
 - Labour Relations
 - Dispute Resolutions
 - Local Labour Forum
 - Administrative Policies & Targets
 - Job Descriptions/Review
 - Policies List to be added/Drafted (Institutional Plan)
 - Implementation of Applicable Policies
 - Admin manual for all Policies
 - Advertisements of all Vacancies & Notices
 - Data Base for Services providers

- Legal Commitments & Contracts
 - Establish all Contracts/Contract Management
 - Monitor all Contracts (Report to Managements)
 - Compile & Develop By-Laws
- Archival Systems
 - Maintain Archival Systems
 - Develop an Electronic mechanism for Distributing
 - Record Management Policy and Implementation Plan
- Library Services
 - Maintenance of Library Services
- Local Economic Development
 - Establishment of a LED Section
 - Development of LED policy/strategy
 - Implementation of DGDS
 - Establishment of LED Structure
 - Development of a programme for Transversal Projects
 - Implementation of the transversal programme
 - Programme for Business plans for Project identified in the IDP
- Municipal Financial Viability and Management
 - Ensure accurate and timeous reporting
 - Monthly budget control, reconciliation of general ledger accounts
 - Submission of annual reports prescribed by the MFMA by February (each year)
 - MFMA quarterly
 - MFMA section 71 & FMG reports
 - Timeous submission of Mid-year report(S72) to Accounting Officer for revision & non-finance inputs
 - Compilation of all sector department reports
 - (MSIG, Health, Housing, STAT SA, DWAF)

- Report to Council on all activities and financials
- (MSIG, Health, Housing, STAT SA, DWAF, MFMA)
- SDBIP developed
- To develop compliant budget and financial statements
 - Timeous preparation and submission of Annual Financial Statements to Auditor-General
 - Development of draft budget & approved budget
 - Timeous approval of annual budget as per required timeframe of MFMA
 - Preparation and approval of Adjustment Budget
- Ensure effective capacity development and support in the financial unit
 - Approval of service level agreement and framework with specific time frames for financial management support and capacity building. (GAMAP/GRAP, MFMA)
 - Performance reviews conducted with Financial Personnel/Interns
- Establish and maintain financial systems and policies
 - Implement effective systems of revenue collection and safe keeping of data as per MFMA requirement
 - Ensure 100% collection and receipt of grant funding as per DoRA allocations
 - Annual review and implementation and approved credit control & debt collection policy
 - Develop & implement a Property Rates policy
 - Prepare a valuation role
 - Timeous payment of creditors
 - Implementation plan
 - Link land audit to billing systems
 - Annual review and development of other applicable revenue policies required per MFMA
 - Ensure recovery of consumer and sundry debt within 90 days of incurrence
 - Credit Control in terms of policy

- Control financial activities
 - Implement an effective system of expenditure control compliant with MFMA requirements
 - Ensure implementation of the supply chain management regulations and approved policy
 - Apply an effective cash flow and investment management as per approved policy requirements
 - Establish an effective store and inventory system
 - Annual review and development of applicable expenditure policies required per MFMA
 - Implement an effective system of asset and risk management in compliance with MFMA

Good Governance and Public Participation

- Internal and External Political Support
 - Secretariat for Council
 - Schedule for Council Meetings
 - Schedule for Committee Meetings
 - CDW's - report meetings
- Governance & Public Participation
 - Programme for community participation
 - Council meets the people
 - Intergovernmental Relation Forum
 - % of Forum Decisions implemented
 - Establish and Maintain Local IGR

2. Chapter 2: Performance Highlights

Councillors and Senior Management retreated to Pride Rock Lodge, Vanderkloof, for a strategic planning session, in order to determine the strategic priorities of the municipality leading up to the period ending June 2008.

During this session the Five Year Local government Strategic Agenda was endorsed and emphasis was placed on the Five Key Performance Areas, which are the following:

- ✚ Municipal Institutional Development and Management
- ✚ Basic Service Delivery
- ✚ Municipal Financial Viability and management
- ✚ Good Governance and Public Participation
- ✚ Local Economic Development

For each of these Key Performance Areas, objectives were set.

Spatial Development Initiative

The Ubuntu Municipality has successfully compiled its Spatial Development Framework. In order to eradicate the damages wrought by decades of colonial and apartheid manipulation of settlement patterns and economic activity in the municipal area, this plan is a definitely a highlight in the transformation process. The plan brings about a framework for a far more focused intervention by the Council in equitable and sustainable development.

In order to achieve its vision of a better life for all, this plan demonstrates the urgency of the necessary of space economy. The alignment of our plan with that of the District Municipality and the National spatial development perspective is subject to a common agenda concerning growth and development in the localities of the district, which are crucial for the attainment of the development objectives set out in the DGDS.

Eradication of Buckets

In order to respond to the call by former President Thabo Mbeki to eradicate all buckets on formal stands, Ubuntu Municipality spent R 3,400,000.00 of its grant funds to eradicate 967 buckets on formal stands. We have also established the infrastructure for water and sanitation services in areas where families from the informal settlements were to relocate to formal areas in both Richmond and Victoria West. The cost of this amounted to about R3,800,00.00. All formal settlements have fully waterborne sanitation services. This service was not only demanded by the people, but it was in response to the President's call. Nonetheless it remains a problem as sustainability in such a water-impooverished area is an ongoing challenge.

Housing, Operation and Maintenance

People living in the Witblokke, hostels an apartheid inheritance, were moved to new homes, a project completed by the Municipality as developer and contractor. We have also implemented the 176 houses project in Mandela square Victoria West. The 108 houses project in Richmond was about 70% accomplished in time for the year under review.

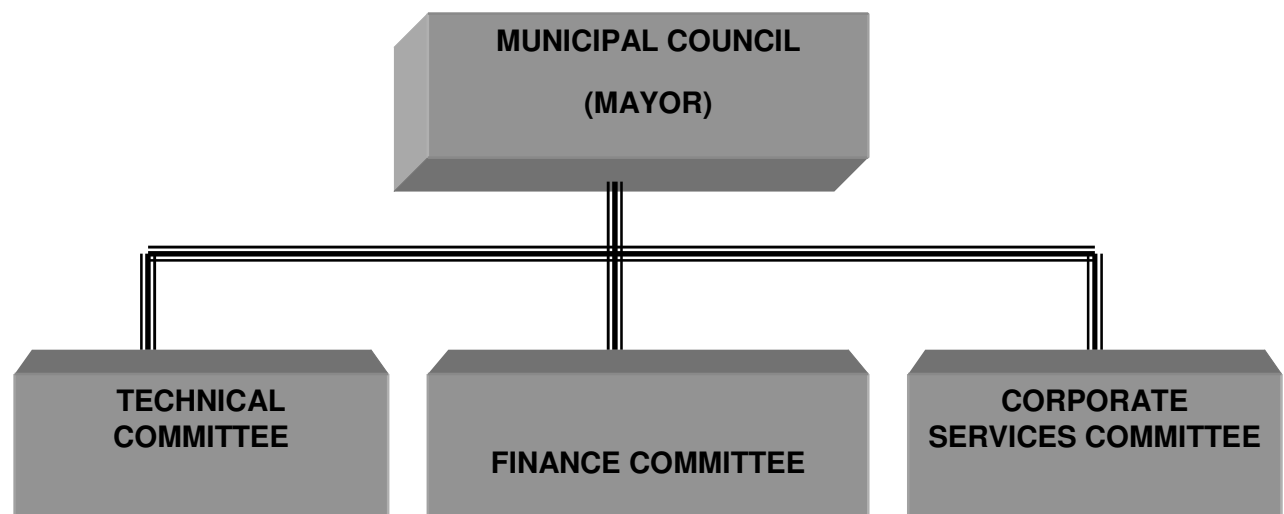
3. Chapter 3: Municipal Transformation and Organisational Development

3.1 Human Resources

The Council supports National Labour Legislation, Bargaining agreements, guidelines Council Policies & Skills Development in the workplace.

Institutional Structure

The Municipal Council is divided into a committee system for more effective operational functioning:



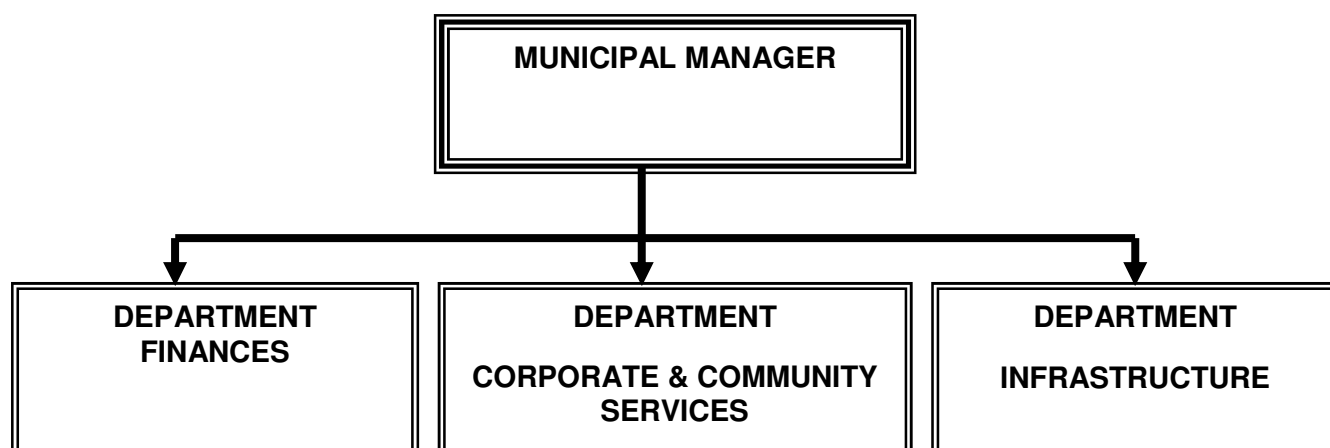
Councillors Training

The councillor attended the following training during the year under review:

📅 Computer Training – 8

Staff Establishment

The municipality was constituted as follows:



Vacancies

Three Vacancies occurred in the course of the year. The total vacancies at end of financial year were 38. We intend filling some of the vacancies in the following financial year 2008/2009.

Appointment

During the financial year under review 14 posts were filled.

External Courses

The following courses were attended by our staff members:

- ✚ Record Management Training -1
- ✚ Adult Basic Education Training -30
- ✚ Municipal Finance Management and Administration Training – 2
- ✚ Office Management Training -1
- ✚ Traffic Training – 5

Retirements/Dismissals

The retirements & dismissal for the year were the following:

- ✚ Number of employees retiring at normal retirement on pension -1
- ✚ Employees retiring on early pension – None
- ✚ Employees retiring on poor health – 1
- ✚ Employees who passed away – 1
- ✚ Employees who received severance packages – None
- ✚ Employees who were dismissed – None

3.2 Personnel Administration & Labour Relations

Occupational Health & Safety

The occupational health of employees is administered in terms of the Health & Safety Act and Regulation (Act 85 of 1993). Ubuntu Municipality endeavours to comply with the minimum requirements of the Act. We have established a Health & Safety Committee to deal with

occupational health issues. During the year under review no fatal accidents were reported. Only four (4) less serious accidents were reported to the Commissioner.

Labour Relations

Ubuntu Municipality complies with the LRA (Labour Relations Act) (Act 66 Of 1995), Basic Conditions of Employment Act, Labour Relations Bargaining Collective Agreement and approved Human Resource policies of Council.

We have a functional Local Labour Forum which serves as a forum for consultation negotiation between the Council & trade unions to maintain Labour Relations. Only one dispute was referred to the SALGBC, to be resolved for the year under review.

4. Chapter 4: Audited Statements and Related Financial Information

4.1 Financial Statements

UBUNTU MUNICIPALITY

1

OPERATING RESULTS

Details of the operating results per department are included in appendix E. The overall operating results for the year ended 30 June 2008 are as follows:

Income	Actual	Actual	Variance	Budget	Variance
	2007	2008	2007/2008	2008	Actual / Budget
	R	R	%	R	%
Beginning Surplus/(Deficit)	2 366 159	3 308 050			
Operating income for the year	22 526 948	26 645 186	15.46	32 734 463	-18.60
	24 893 107	29 953 236			
Expenditure					
Operating expenditure for the year	21 982 810	26 277 033	16.34	32 734 381	24.57
Sundry transfers	(397 753)	(5 944 774)			
Closing surplus/deficit	3 308 050	(2 268 571)			
	24 893 107	18 063 688		82	
1.1	Rates and general services				
	Actual	Actual	Variance	Budget	Variance
	2007	2008	2007/2008	2008	Actual / Budget
	R	R	%	R	%
Income	16 275 994	20 288 135	24.65	23 128 651	-12.28
Expenditure	16 524 514	20 186 363	-22.16	23 677 494	17.29

Surplus (deficit)	(248 520)	101 772		(548 843)	
Surplus (deficit) as % of total					
income	(2)	1		(2.37)	
1.2	Trading services				
	Electricity				
	Actual	Actual	Variance	Budget	Variance
	2007	2008	2007/2008	2008	Actual / Budget
	R	R	%	R	%
Income	3 791 845	3 821 821	0.79	5 077 987	-24.74
Expenditure	3 590 209	4 070 100	-13.37	5 012 022	23.14
Surplus (deficit)	201 636	(248 279)		65 965	
Surplus (deficit) as % of total					
income	5.32	(6.50)		1.30	
	<u>UBUNTU MUNICIPALITY</u>				
	Water works				
	Actual	Actual	Variance	Budget	Variance
	2007	2008	2007/2008	2008	Actual / Budget
	R	R	%	R	%
Income	2 445 909	2 511 231	2.67	4 527 825	80.30
Expenditure	1 858 699	2 012 909	8.30	4 044 865	-100.95
Surplus (deficit)	587 210	498 321		482 960	
Surplus (deficit) as % of total					
income	24.01	19.84		10.67	

CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R5 257 650 and consists of the following:

	2007 Actual R	2008 Budget R	2008 Actual R
Buildings	39 062	100 000	-
Administration	1 485 643	-	192 362
Sewerage	4 848 819	2 487 500	3 677 813
Housing	-	973 536	-
Public Works	-	1 691 000	319 648
Electricity	479 592	1 200 000	513 956
Water	2 417 439	870 000	662 867

	9 270 555	7 322 036	5 366 646
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Resources used to finance the fixed assets were as follows:

	2008 Actual R		2008 Budget R
Grants and subsidies	5 140 508		
Income	226 138		-
Total	5 366 646		-

UBUNTU MUNICIPALITY

3 EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2008 amounted to R1 586 330

financial statements.

4 FUNDS AND RESERVES

financial statements.

I am grateful to the Speaker, Councillors and the Municipal Manager for the support given to me and to the staff of my own department for their assistance and support during the year.

Financial Manager
Me E CHRISTIANSEN

UBUNTU MUNICIPALITY

ACCOUNTING POLICIES : 2007/2008

1.BASIS OF PRESENTATION

1.1. The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1992) and Report on Published Annual Financial Statements (Second Edition - January 1996).

1.2. The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy - Note 3. The accounting policies are consistent with those applied in the previous year, unless otherwise indicated.

1.3. The financial statements are prepared on the accrual basis stated :

* Income is accrued when measurable and available to finance operations. Certain direct Income is accrued when received, such as traffic fines and certain licenses.

* Expenditure is accrued in the year it is incurred.

2.CONSOLIDATION

The financial statements include the Rates and General services, Housing Services, Trading Services and the different funds and reserves. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage, electricity and water, which are treated as income and expenditure in the respective departments.

3.FIXED ASSETS

3.1.Fixed Assets are stated :

* At historical cost,
or

* At valuation (based on the market price at the date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.

3.2.Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts "in the notes to the balance sheet, is an amount providing for depreciation. However, certain structural differences do exist. "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

UBUNTU MUNICIPALITY

ACCOUNTING POLICIES : 2007/2008

*Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.

*Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3.Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated times of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time of inception of the advance..

3.4. All net proceeds from the sale of fixed property are credited to the Fixed Property Sales Fund. Net proceeds from the sale of all other assets are credited either to the Special Capital Fund or the Capital Development Fund.

4.FUNDS AND RESERVES

REVOLVING FUND

The Ordinance requires a minimum contribution of 7.5.% of rates income received during the previous year.

5.SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the operation of Electricity and Water services, are transferred to Rates and General Services.

The cost of internal support services are transferred to the different services in accordance with the institute Report on Accounting for Support Services (June 1990).

7.LEASED ASSETS

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the time of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

8.INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred.

UBUNTU MUNICIPALITY

ACCOUNTING POLICIES : 2007/2008

9.INCOME RECOGNITION

9.1.ELECTRICITY AND WATER BILLINGS

Meters on all properties are read and billed monthly.

9.2.ASSESSMENT RATES

The Municipality applies a fixed rating system.

10.INVENTORY

Inventory is valued at the lower cost, determined on the weighted average basis and net realisable value.

11.RETIREMENT BENEFITS

The retirement benefit plan is subject to the Pensions Act,1956,with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

12.DEFERRED CHARGES

The balance outstanding of the costs incurred in raising loans on the capital market are recovered from income over the periods of the loans involved.

UBUNTU MUNICIPALITY BALANCE SHEET AS AT 30 JUNE 2008

	Note		
		2008	2007
CAPITAL EMPLOYED			
FUNDS AND RESERVES		4 795 976	4 284 811
Accumulated Funds	1	4 795 976	4 284 811

(ACCUMULATED DEFICIT)			
RETAINED SURPLUS		-2 268 571	3 308 050
		2 527 405	7 592 861
TRUSTFUNDS	2	3 843 311	2 676 707
LONG-TERM LIABILITIES	3	1 314 770	1 528 345
CONSUMERS' DEPOSITS:	4	101 729	80 396
		7 787 217	11 878 309
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	1 063 777	1 388 641
LONG-TERM DEBTORS	7	54 982	117 989
		1 118 759	1 506 630
NET CURRENT ASSETS / (LIABILITIES)		6 668 458	10 371 679
CURRENT ASSETS		9 976 449	13 712 593
Stores		0	0
Debtors	8	3 230 237	7 369 671
Cash		40 110	807 375
Shortterm portion of longterm liabilities	7	7 011	11 076
Shortterm Investments	6	6 699 091	5 524 471
CURRENT LIABILITIES		3 307 991	3 340 914
Provisions	9	448 382	387 782
Creditors	10	1 102 392	1 363 365
Short-term portion long-term liabilities	3	271 560	104 770
Bank Overdraft		1 485 657	1 484 997
		7 787 217	11 878 309

UBUNTU MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2006/2007 ACTUAL INCOME	2006/2007 ACTUAL EXPEND.	2006/2007 SURPLUS/ (DEFICIT)		2007/2008 ACTUAL INCOME	2007/2008 ACTUAL EXPEND.	2007/2008 SURPLUS/ (DEFICIT)	2007/2008 BUDGETED SURP./ (DEFICIT)
16 275 994	16 524 514	-248 520	RATES & GENERAL	20 288 135	20 186 363	101 772	-568 463
12 408 451	11 507 694	900 757	Community Services	15 797 616	12 978 144	2 819 472	1 244 291
380 381	980 453	-600 072	Subsidised Services	352 515	756 095	-403 580	-594 044
3 487 162	4 036 367	-549 205	Economic Services	4 138 003	6 452 123	-2 314 120	-1 218 710
0	0	0	HOUSING SERVICES	0	0	0	0
6 250 954	5 458 296	792 658	TRADING SERVICES	6 357 051	6 090 670	266 381	568 545
22 526 948	21 982 810	544 138	TOTAL	26 645 186	26 277 033	368 153	82
		397 753	Appropriation for the year			-5 944 774	
		941 891	Net surplus/(deficit) for year			-5 576 621	
		2 366 159	Accumulated surplus/ (Accumulated deficit):			3 308 050	

			beginning of the year				
			Accumulated Surplus				
			(Accumulated deficit)				
			at end of the year				
		3 308 050				-2 268 571	
			REFER NOTE 15				

UBUNTU MUNICIPALITY			
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008			
	Note	2008	2007
CASH RETAINED FROM OPERATING ACTIVITIES		1 654 727	-1 690 780
		1 879 500	-1 447 178
Cash generated by operations	16	3 503 641	2 189 200
Investment income	16	301 857	-205 909
(Increase) / decrease in working capital	17	-1 925 998	-3 430 469
		1 879 500	-1 447 178
Less: Interest paid		-224 773	-243 602
Cash available from operations		1 654 727	-1 690 780
Cash contributions from the public and the state		0	0
Net proceeds on disposal of fixed assets			
		1 654 727	-1 690 780
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed Assets		-226 136	-86 446
Assets written off			
NET CASH FLOW		1 428 591	-1 777 226
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase / (decrease) in long-term loans		-213 575	319 355
(Increase) / decrease in cash investments	19	-1 215 676	1 145 288
(Increase) / decrease in cash	20	660	312 583
		-1 428 591	1 777 226

UBUNTU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

		2008			2007
1. STATUTORY FUNDS					
Revolving Fund		4 795 976			4 284 811
Dog Tax Fund		-			-

		4 795 976		4 284 811
(Refer to appendix A for more detail)				
2. TRUST FUNDS				
Project Access Road Victoria West		-623 325		-518 364
Project Library		211 618		15 619
Project Water Victoria West		8 155		8 155
Project Survey of Land		3 546		2 390
Project Electricity Richmond		22 042		22 042
Project Electricity Victoria West		6 589		6 067
Project Water Loxton		613 128		920 347
Project Sanitation Mandela Square		52 521		125 400
Project Housing		1 411 504		-29 061
Project Housing - Richmond		870 506		239 828
Project Consolidate (MSIG)		-		1 056 525
Project Environmental		523		523
Project Ubuntu Water Service Plan		95 606		322 316
Project Sanitation Pump station		38 998		472 788
Project High mast Lightning		398 372		29 329
Drought Relief Fund		515 388		-
Eradication of Buckets		84 340		-
Sport Development		42 251		-
O & M Sewerage Pipe		-86 563		-
Project Road Loxton		78 112		-
Solid Waste Site Victoria Wes		100 000		-
Project IDP Review		-		2 804
		3 843 311		2 676 708
3. LONG TERM LIABILITIES				
External Loan : Sanitation		1 586 330		1 633 115
External Loan : Water				-
External Loan : Electricity				
		1 586 330		1 633 115
Less: Current portion transferred		-271 560		-104 770
Nett current liabilities		1 314 770		1 528 345
4 CONSUMER DEPOSITS				
Water		27 177		20 733
Electricity		74 552		59 663
		101 729		80 396

5 FIXED ASSETS				
Fixed assets at beginning of year		106 155 233		96 884 678
Capital expenditure during year		5 366 646		9 270 555
Less:				
Assets written off, transferred or disposed during year.		-375 013		
Total fixed assets		111 146 866		106 155 233
Less: Loans redeemed		-110 083 090		-104 766 592
Net fixed assets		1 063 777		1 388 641
(Refer to appendix C for more information)				
6 INVESTMENTS				
Short-term deposits				
Subsidy Kerk Street		727 564		673 982
Revolving Fund		1 066 603		992 651
Project National Treasury		2 170		521 978
Project Library		234 768		17 668
Equitable Share		15 500		16 027
Survey of plot		2 476		2 390
Water Loxton		613 124		920 347
Own Funds		1 301		1 257
Project Consolidate MSIG		333 684		1 064 391
Sanitation Pump station		38 700		480 159
Housing Project		1 407 971		78 357
Housing Project Richmond		871 418		245 192
Water Meters		94 903		321 964
High Mast Lighting		98 241		29 329
Leave Reserve Fund		53 301		49 127
IDP Review		-		2 804
Sanitation Mandela Square		-		1 000
Internal Investment		-		105 848
Sport Development		40 734		-
Drought Relief Funds		1 014 558		-
Road Project Loxton		82 075		-
		6 699 091		5 524 471
7 LONG TERM DEBTORS				
Staff Motor Loans		-		5 076
Housing Loan : P Minies		54 193		49 922
Councillor Allowances		71 450		74 067
		125 643		129 065

Less short term portion		7 011		11 076
		118 632		117 989
Less provision bad debt Councillors		63 650		-
		54 982		117 989
8 DEBTORS				
Current debtors		15 729 154		14 084 587
Suspense Debtors		1 241 083		1 158 975
		16 970 237		15 243 562
Less provision for bad debt		13 740 000		7 873 891
		3 230 237		7 369 671
9 PROVISIONS				
Leave		448 382		387 782
		448 382		387 782
(Refer to appendix A for more detail)				
10 CREDITORS				
Trade creditors		373 779		1 204 340
Suspense		173 431		128 084
MSIG Unspent		376 290		
Salary Control		6 197		388
Debtors Payment in Advance		172 695		30 553
		1 102 392		1 363 365
11 ASSESSMENT RATES				
		IMPROVEMENT		ACTUAL
		VALUATION		INCOME
		AS AT 2005		2007/2008
		R'000		R'000
RESIDENTIAL, INDUSTRIAL & STATE		93 614		
		460.00		
				2 640 136
12 COUNCILLORS REMUNERATION				
Councillor's allowance		1 423 440		1 444 398
		1 423 440		1 444 398

13 AUDITORS REMUNERATION				
		577 539		257 785
Audit Fees		577 539		257 785
14 FINANCE TRANSACTIONS				
<i>Total external interest earned and paid:</i>				
Interest earned		301 857		205 909
Interest paid		224 773		243 602
<i>Capital charges debited to operating account:</i>		526 630		449 511
* Interest		8 380		7 280
- External		0	0	0
- Internal		8 380		7 280
* Redemption		324 864		196 239
- External		271 558		104 767
- Internal		53 306		91 472
15 APPROPRIATIONS				
Appropriation Account				
Acc. Surplus/(Deficit) begin of year		3 308 050		2 366 159
Operating surplus/(deficit) for year		368 153		544 138
Appropriation for the year		-5 944 774		397 753
Debtors Written off		1 983 727		
Creditors Written Back		-70 416		
Vat (Audit Query)		116 485		
Revolving fund Contribution 2006/2007		137 424		
Medical Aid 2006/2007 continues members		-20 993		
Salary Control Balance 30/06/2007		-777		
Accumulated surplus / (deficit): end of year		-2 268 571		3 308 050
16 CASH GENERATED BY OPERATIONS				
(Deficit)/Surplus for year		368 153		544 138
Adjustments		-5 944 774		397 753
Appropriation debited to income		385 096		0
* Leave Reserve Fund		60 600		

* Accumulated funds				
* Reserves				
* Trust funds				
* Revolving fund		324 496		0
* Capital charges				
		558 017		447 121
Interest paid : internal funds		8 380		7 280
Interest paid : external loans		224 773		243 602
Redemption internal loans		53 306		91 472
Redemption external loans		271 558		104 767
Grants and subsidies received from state		8 171 817		7 347 523
Investment income		301 857		205 909
Non-operating income		9 038 453		4 691 954
Deferred charges written off				
Non-operating expenditure				
- Expenditure charge against funds Prov				
and Reserves		-9 374 978		-11 445 198
- Other				
		3 503 641		2 189 200
17 (INCREASE)/DECREASE IN WORKING CAPITAL				
(Increase)/Decrease in Stores		0		0
(Increase)/Decrease in Debtors		-1 261 369		-3 139 034
Increase/(Decrease) in Creditors		-664 629		-291 435
		-1 925 998		-3 430 469
18 INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)				
Loans Raised		0		0
Loans repaid		-213 575		-104 767
		-213 575		-104 767
19 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS				
Investments made		-1 215 676		1 145 288
		-1 215 676		1 145 288

20 (INCREASE)/DECREASE IN CASH ON HAND				
Cash Balance: Beginning of year		-1 484 997		-1 172 414
LESS: - Cash Balance end of year		-1 485 657		-1 484 997
		660		312 583
21 IRREGULAR EXPENDITURE				
Payments not authorised by delegated official		-		1 285 898
22 FRUITLESS AND WASTEFUL EXPENDITURE				
Penalty Interest DBSA Loan		78 986		61 309
Interest on overdue accounts (Escom)		1 619		5 501
		80 605		66 810
23 UNAUTHORISED EXPENDITURE		-		204 269
24 INCOME LOSS				
Theft prepaid electricity		178 146		-
(Insurance claim of R8 820 paid out to the Municipality on 4 July 2008.)				
25 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
25.1 VAT				
Opening Balance		-		-
Current year input Vat		3 072 402		-
Current year output Vat		886 272		-
Amount paid back(received)		-1 424 961		
Balance unpaid (included in debtors.)		761 169		-
25.2 PAYE and UIF				
Opening Balance		-		-
Current year payroll deduct. and Council Contributions		1 125 854		-
Amount paid - current year		1 125 854		-
Amount paid - previous year		-		-
Balance unpaid				-

25.3 Pension and Medical Aid Deductions					
Opening Balance		-			-
Current year payroll deduct. and Council Contributions		2 184 295			-
Amount paid - current year		2 184 295			-
Amount paid - previous year		-			-
Balance unpaid					-
25.4 MSIG Grant					
Balance unspent at beginning of year		1 056 525			-
Current year receipts		734 000			-
Interest Received		119 096			-
Conditions met		-1 572 255			-
Conditions still to be met(see appendix A.)		337 366			-
25.5 FMG Grant					
Balance unspent at beginning of year		-			-
Current year receipts		500 000			-
Conditions met(Transferred to revenue.)		-500 000			-
Conditions still to be met		-			-
25.6 Equitable Share					
Balance unspent at beginning of year		-			-
Current year receipts		6 825 717			-
Conditions meet (Transferred to revenue.)		-6 825 717			-
Conditions still to be met		-			-
25.7 Current Account (Primary Bank Account)					
First National Bank, Victoria West.					
Account number 54062338032					
Cash book balance at the beginning of year-overdrawn		1 484 997			-
Cash book balance at end of year-overdrawn		1 485 657			-
Bank statement balance at beginning of year-overdrawn		1 046 195			-
Bank statement balance at end of year-overdrawn		209 430			-
26. Commitments					
Commitments in respect of capital expenditure:1 Year					
- Approved and contracted for					

Trading Services		1 644 532			-
Housing Services		2 273 047			-
Community Services		220 363			-
Economic Services		84 340			-
Total		4 222 282			-
This expenditure will be financed from:					
- Grants and Subsidies		4 222 282			-
Total		4 222 282			-
Commitments in respect of operating expenditure:					
(Leases.) - (Month to Month)					
Photostat Machine - Loxton (Toshiba.R360.00/m)		4 320			-
Property Valuations - HCB Property Valuations		244 050			
This expenditure will be financed from:					
- Operating Income		4 320			-
- Grants - MSIG (Note 10.)		244 050			-
Total		248 370			-

UBUNTU MUNICIPALITY

APPENDIX A

ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS AS AT 30 JUNE 2008

	Balance at 30/06/2007	Contributions during the year	Interest on investments	Other income	Operating Expenditure during year	Capital Expenditure during year	Written / Off Transfer/ Adjustments.	Balance at 30/06/2008
<u>ACCUMULATED FUNDS</u>								
Revolving Fund	4 284 811	324 496	171 240	15 429	-	-	-	4 795 976
Dog Tax Fund	-	-	-	-	-	-	-	-
	4 284 811	324 496	171 240	15 429	0	0	0	4 795 976
<u>TRUST FUNDS</u>								
Project Access Road Victoria West	-518 364				180 896		-75 935	-623 325
Project Library	15 619		11 184	338 000	153 186			211 618
Project Water Victoria West	8 155							8 155
Project Survey of Land	2 390		1 156					3 546
Project Electricity Richmond	22 042							22 042
Project Electricity Victoria West	6 067						522	6 589
Project Water Loxton	920 347		55 490		362 713		4	613 128
Project Sanitation Pump station	472 788		15 078		448 868			38 998
Project Sanitation Mandela Square	125 400		164	400 000	482 457		9 414	52 521
Project Housing Vic West	-29 061		59 522	2 769 446	1 397 366		8 963	1 411 504
Project Housing Richmond	239 828		25 458	2 421 107	1 815 887			870 506
Project Environmental	523							523
Project Ubuntu Water service Plan	322 315		30 551	814 916	1 072 177			95 606
Project IDP Review	2 804		100		2 904			-
Project High mass Lightning	29 329		10 547	777 641	419 145			398 372

Drought Relief Fund	-		15 388	500 000				515 388
Eradication of Buckets	-		74	1 777 032	1 692 766			84 340
Sport Development	-		2 497	100 000	60 246			42 251
O & M Sewerage Pipe	-		3 346	669 490	759 399			-86 563
Project Road Loxton	-		5 079	600 000	526 968			78 112
Solid Waste Site Victoria Wes	-			100 000				100 000
	1 620 183	-	235 634	11 267 632	9 374 978	-	-57 032	3 843 311

PROVISIONS

Leave Reserve	387 782	60 600						448 382
Working Capital(Bad debts)	7 873 891	5 866 109						13 740 000
Transferred to debtors	-7 873 891	-5 866 109						-13 740 000
	387 782	60 600	-	-	-	-	-	448 382

UBUNTU MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES AS AT 30 JUNE 2008

	Balance at 30/06/2007	Interest Paid	Payments	Balance at 30/06/2008
<u>EXTERNAL LOANS</u>				
Development Bank of SA	1 323 056	-	192 572	1 130 484
Development Bank of SA(Arrears)	310 059	224 773	78 986	455 846

1 633 115	224 773	271 558	1 586 330
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INTERNAL ADVANCES

Revolving Fund	105 847	-	53 306	52 541
	105 847	-	53 306	52 541

APPENDIX C

ANALYSIS OF FIXED ASSETS AS AT 30 JUNE 2008

EXPEN.		BUDGET	BALANCE	EXPENDITURE	REDEEMED/	BALANCE
2006/2007		2007/2008	30/06/2007	DURING	TRANSFERRED/	30/06/2008
				2007/2008	WRITTEN OFF	
	RATES & GENERAL					
6 373 524	SERVICE	4 278 500	49 792 510	4 189 823	375 013	53 607 320
1 524 705	COMMUNITY SERVICE	1 791 000	24 763 168	512 010	374 300	24 900 878
481 184	Administration	0	1 012 428	192 362	374 300	830 490
39 062	Buildings & Commonage	100000	4 741 989	0	0	4 741 989
	Community Facilities	-	869 411	0	0	869 411
1 004 459	Public Works	1 691 000	18 139 340	319 648	0	18 458 988
	Traffic	0	0	0		0
	Ambulance	0	0	0		0
	Airstrip	0	0	0		0
0	SUBSIDISED SERVICE	0	210 298	0	0	210 298
	Fire Protection	0	108 000	0		108 000
	Health	0	102 298	0	0	102 298

4 848 819	ECONOMIC SERVICE	2 487 500	24 819 044	3 677 813	713	28 496 144
4 848 819	Sewerage and Sanitation	2 487 500	24 819 044	3 677 813	713	28 496 144
0	HOUSING SERVICE	973 536	0	0	0	0
0	Individual housing	973 536	0		0	0
2 897 031	TRADING SERVICE	2 070 000	56 362 723	1 176 823	0	57 539 546
479 592	Electricity	1 200 000	13 832 701	513 956	0	14 346 657
2 417 439	Water	870 000	42 510 303	662 867	0	43 173 170
0	Abattoir	0	19 719	0	0	19 719
9 270 555	TOTAL FIXED ASSETS	7 322 036	106 155 233	5 366 646	375 013	111 146 866
9 357 001	LESS: CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS	0	104 766 592	5 316 498	0	110 083 090
61 309	External Loans redeemed and advances repaid	0	11 210 105	271 557	0	11 481 662
30 163	Internal Loans redeemed and advances repaid	0	209 308	53 306	0	262 614
8 968 779	Grants and subsidies	0	29 890 554	4 765 497	0	34 656 051
296 750	Contributions from operating income	0	63 456 625	226 138	0	63 682 763
-86 446	NET FIXED ASSETS	7 322 036	1 388 641	50 148	375 013	1 063 777

UBUNTU MUNICIPALITY

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2008

2006/2007 ACTUAL		2007/2008 ACTUAL	2007/2008 BUDGET
	INCOME		
7 347 523		8 171 817	8 530 000
7 347 523	Government & Provincial Grants	8 171 817	8 530 000
0	Sundry	0	0
15 179 425	OPERATING INCOME	18 473 369	24 204 463
2 494 302	Assessment rates	2 640 136	2 709 575
3 791 845	Sale of electricity	3 821 821	5 077 987
2 445 909	Sale of water	2 511 231	4 527 825
5 261 817	Other service charges	7 936 763	10 675 076
1 185 552	Interest received	1 563 419	1 214 000
22 526 948	TOTAL INCOME	26 645 186	32 734 463
	EXPENDITURE		
9 233 148	Salaries, wages and allowances	10 132 890	11 549 600
0	Councillors remuneration	1 423 440	1 480 100
10 072 904	General expenses	10 680 386	19 227 301
2 338 512	Purchase of electricity	2 804 715	2 680 000
299 438	Purchase of water	355 440	355 000
7 434 954	Other general expenses	7 520 231	16 192 301
838 342	Repairs and maintenance	1 048 440	1 266 350
336 194	Capital charges	558 016	450 000
306 005	Contributions to fixed assets	226 136	0
1 196 217	Contributions	2 207 725	241 130
21 982 810	Gross expenditure	26 277 033	32 734 381
0	Less :Amounts charged out	0	0
21 982 810	NET EXPENDITURE	26 277 033	32 734 381

UBUNTU MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED AT 30 JUNE 2008

2007 Actual income R	2007 Actual expenditure R	2007 Surplus (deficit) R		2008 Actual income R	2008 Actual expenditure R	2008 Surplus/ (Deficit) R	2008 Budget Surplus/ (Deficit) R
16 275 994	16 524 514	-248 520	SERVICES	20 288 135	20 186 363	101 772	-568 463
12 408 451	11 507 694	900 757	15 797 616	12 978 144	1 244 291		
8 025 875	5 418 320	2 607 555	Administration	9 015 757	6 625 114	2 390 643	1 342
5 055	2 232 808	-2 227 753	Council	0	2 192 990	-2 192 990	140 -2 087 780
2 494 302	376 817	2 117 485	Rates	2 640 136	41 130	2 599 006	2 668
0	250 165	-250 165	Roads	0	220 466	-220 466	445 -330 165
17 387	2 997 478	-2 980 091	Public Works	63 147	3 223 367	-3 160 220	-3 551 294
0	0	0	Nature Reserve	0	0	0	0
1 865 832	232 106	1 633 726	Traffic & Licences	4 078 577	675 076	3 403 501	3 202 945
380 381	980 453	-600 072		352 515	756 095	-403 580	-594 044
10 677	0	10 677	Cemetery	13 720	0	13 720	-53 000
1 600	406 826	-405 226	Library	2 180	399 889	-397 708	-448 745
0	30 785	-30 785	Fire Protection	0	49 511	-49 511	-67 146
156 414	235 166	-78 752	Building	166 975	116 883	50 092	32 045
12 745	18 104	-5 359	Commonage	17 024	8 348	8 676	-1 905
8 745	41 754	-33 009	Parks	5 515	45 894	-40 379	-39 160
24 000	93 005	-69 005	Airstrip	26 200	8 760	17 440	9 150
166 200	154 813	11 387	Health	120 900	126 811	-5 911	-25 283
3 487 162	4 036 367	-549 205	Economic service	4 138 003	6 452 123	-2 314 120	-1 218 710
3 487 162	4 036 367	-549 205	Refuse Removal	4 138 003	6 452 123	-2 314 120	-1 218 710
0	0	0	HOUSING SERVICE	0	0	-	0

6 250 954	5 458 296	792 658	TRADING SERVICE	6 357 051	6 090 670	266 381	568 545
3 791 845	3 590 209	201 636	Electricity	3 821 821	4 070 100	-248 279	65 965
13 200	9 388	3 812	Abattoir	24 000	7 661	16 339	19 620
2 445 909	1 858 699	587 210	Water	2 511 231	2 012 909	498 321	482 960

22 526 948	21 982 810	544 138	TOTAL	26 645 186	26 277 033	368 153	82
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<u>397 753</u>	
941 891	beginning of the year
<u>2 366 159</u>	at end of the year
<u>3 308 050</u>	
	<u>3 308 050</u>
	<u>-2 268 571</u>

APPENDIX F

GENERAL STATISTICS AS AT 30 JUNE 2008

				2007/2008	2006/2007
Population				16 912	16 375
Registered Voters				8 436	8 431
Total Valuations					
	Taxable Properties			26 995 791	26 995 791
	Non Taxable Properties			240 143 919	240 143 919
	Residential Properties			19 625 586	19 625 586
Number					
	Residential			3 208	2 840
	Government			68	66
	Non Taxable Properties			674	595
Assesment Rates (cent per Rand)				0.003397	0.003205
	Discount Government			20%	20%
Water Statistics					
	Units bought			389 473	328 752
	Units sold			600 676	710 558
	R 30.75		R 29.00		
	Purified Water				
	0 - 6	Kl		2.80/kl	2.49/kl
	7 - 15	Kl		3.20/kl	2.86/kl
	16 - 30	Kl		3.95/kl	3.50/kl
	30+	Kl		4.88/kl	4.35/kl
Electricity Statistics					
	Number of Consumers			2 299	-
	Units bought			10 805 539	-

	Units sold			7 657 657	-
	Units lost			3 147 882	-
	Distribution loss as %			28.68%	-
	Cost per unit bought in sent			0.0895	-
	Distribution loss in Rand		R	1 041 755	-
	0.48246		-		
	0.46825		-		
	Number of Employees			124	133

4.2 Audit Report for the 2007/08 Financial Year

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF UBUNTU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Ubuntu Municipality which comprise the balance sheet as at 30 June 2008, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages xx to xx.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
- appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.

Basis for qualified opinion

Fixed assets

9. The existence, valuation, and completeness of assets as disclosed in note 5 to the financial statements amounting to R111 037 870 could not be confirmed as a result of an incomplete asset register. The asset register did not contain individual asset reference numbers and rand values for land recorded. We could therefore not physically verify assets or confirm the valuation of land. The municipality's records did not permit the application of alternative audit procedures.

Accumulated surplus

10. In the prior year the cash control account had a credit balance of R1 366 930 which was cleared to the accumulated surplus account. Sufficient appropriate supporting documentation for the clearing transaction could not be provided and no alternative procedures could be performed. Accordingly, I was not able to determine whether any adjustments might be necessary for debtors and the accumulated surplus.

Revenue

11. A reconciliation between the electricity sold per the prepaid electricity system and the prepaid electricity revenue recorded in the financial statements could not be obtained. Furthermore, supporting documentation could not be obtained for prepaid electricity revenue amounting to R631 924. No alternative procedures could be performed to confirm completeness and occurrence of prepaid electricity revenue amounting to R631 924.

Stores

12. No inventory was disclosed in the financial statements. However upon inspection of the municipal stores various inventory items were noted. The valuation of these items could not be determined as there was no stock system in place and no stock records were kept for inventory items. The municipality's records did not permit the application of alternative audit procedures.

Debtors

13. The balance of the debtors sub-ledger amounting to R15 231 349 did not agree to the total consumer debtors amounting to R15 584 919 disclosed in the financial statements. The difference of R353 570 could not be explained and no reconciliation was available. Therefore the valuation and existence of debtors amounting to R353 570 could not be confirmed.

Qualified opinion

14. In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the matters described in the basis for qualified opinion paragraphs, the financial statements of the Ubuntu Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1 and in the manner required by the MFMA and the DoRA.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

Internal control

15. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Basis for qualified opinion					
Fixed assets	X		X		X
Accumulated surplus			X		X
Revenue	X	X	X		X
Stores	X	X	X		X
Debtors	X		X		X
<u>Control environment:</u> establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.					
<u>Risk assessment:</u> involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.					
<u>Control activities:</u> policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.					
<u>Information and communication:</u> supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.					
<u>Monitoring:</u> covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent					

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
methodologies, like customised procedures or standard checklists, by employees within a process.					

Non-compliance with applicable legislation

Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

16. Various payments were found to have been made after 30 days from receipt of the invoice from the supplier which resulted in non-compliance with section 65.
17. The accounting officer did not report on fruitless and wasteful expenditure as required by section 32(4).
18. Evidence could not be obtained that the municipal manager had performed a mid-year budget and performance assessment and that the reports relating to the assessment had been submitted to the relevant parties as required by section 72.
19. The mayor of the municipality did not table the annual budget at a council meeting at least 90 days before the start of the budget year as required by section 16(2) of the MFMA.
20. The mayor did not at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) as required by section 21(1)(b) of the MFMA.
21. The municipality did not obtain all the information required by Municipal Supply Chain Management regulation 13 and 43 from suppliers.
22. The municipality did not in all instances maintain effective, efficient and transparent systems of financial and risk management as required by section 62 of the MFMA.

Local Government Transition Act, 1996 (Act No 97 of 1996) (LGTA)

23. The municipality did not value properties within the jurisdiction of the council every four years as required by Property Valuations Ordinance 8(1) and the LGTA section 6(a).

Matters of governance

24. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The municipality had an audit committee in operation throughout the financial year.		X
• The audit committee operates in accordance with approved, written terms of reference.		X
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		X

Matter of governance	Yes	No
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operates in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	X	
Other matters of governance		
• The annual financial statements were submitted for auditing as per the legislated deadlines per section 126 of the MFMA.	X	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		X
• The financial statements submitted for auditing were not subject to any material amendments resulting from the audit.		X
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	X	
• The prior year's external audit recommendations have been substantially implemented.	X	
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
• The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.		X
• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.		X
• The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.		X

Unaudited supplementary schedules

25. The supplementary schedule as set out in appendices A to F did not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

26. I was engaged to audit the performance information.

Responsibility of the accounting officer

27. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

28. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

29. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

30. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

Non-compliance with regulatory requirements

No reporting of performance information

31. The annual report of Ubuntu Municipality did not include the annual performance report of the municipality in terms of section 46 of the MSA, as required by section 121(3)(c) of the MFMA.

Content of the integrated development plan

32. The integrated development plan of Ubuntu Municipality did not include the key performance indicators and targets as required by section 26(i) of the MSA.

33. The integrated development plan did not include a financial plan, including a budget projection for at least the next three years as required by section 26(3) of the MSA.

34. A service delivery and budget implementation plan as required by section 53(1) of the MFMA was not prepared for the municipality.

Quarterly reporting

35. The municipality did not prepare quarterly reports during the year under review

Performance management system

36. The municipality has not adopted a performance management system as required by regulations 8 of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

APPRECIATION

37. The assistance rendered by the staff of the Ubuntu Municipality during the audit is sincerely appreciated.

Auditor-General

Kimberley

28 November 2007



AUDITOR-GENERAL

4.3 Department of Finance

The financial year was an exceptional year for this department. All monthly and quarterly reports were submitted before the due dates; the budget was submitted and approved by Council before the due date; financial statements were submitted by 20 August 2008. The audit report moved from a disclaimer to a qualified opinion by the Auditor- General.

The department still has a few challenges to face such as the payment of services percentage. The department is still understaffed, but the existing staff members are committed to securing the best positive service delivery to the community. The municipality needs to deal with a very high percentage of indigent customers, which contributes to the challenge of balancing the resources for optimal service delivery.

The municipality will also convert the financial bookkeeping from the IMFO the Gamap/GRAP system.

5. Chapter 5: Functional Area Service Delivery Reporting

5.1. Department Corporate Services

Integrated Development Plan & Local Economic Development

This unit functions under the Corporate Services Department, headed by the Head of Corporate Services and assisted by the Chief Administration Officer.

The following functions are carried out by this Department:

- IDP
- LED
- Tourism
- Commonage

Integrated Development Plan

The IDP adheres to the strategic planning of the Municipality in terms of the Municipal Systems Act. The original IDP document was drafted during 2003. For this financial year we reviewed the IDP as prescribed by Legislation and it was submitted to the MEC for Housing & Local Government. In the IDP we focused on the 5 Key Performance Areas of Local Government. Part of this document forms our capital and infrastructural project. Community participation was vital in reviewing the Integrated Development Plan. A number of projects were identified by the different communities in our Municipal Area, but only the following were initiated, due to a shortage of financial resource. We submitted a number of project applications to Departments for financial assistance.







Victoria West

- ✚ Housing Project (Building of 50 houses)
- ✚ Mandela Square Housing Project (Building of 176 houses)
- ✚ Eradication of buckets in Mandela Square
- ✚ Eradication of buckets in Hutchinson
- ✚ Erecting of High Mast Lights
- ✚ Installation of Water meters
- ✚ Upgrading of Municipal Buildings
- ✚ Eradication of Buckets in Victoria West
- ✚ Avail land to emerging farmers
- ✚ Sport development in Victoria West
- ✚ Surveying of 320 plots
- ✚ Servicing of 200 plots – Cleaning up campaign

Richmond

- ✚ Housing Project 106 (Building of 176 houses)
- ✚ Upgrading of Electrical Network
- ✚ Eradication of Buckets in Richmond
- ✚ Installation of water meters
- ✚ Tarring of Municipal roads and streets
- ✚ Surveying of 108 plots
- ✚ Servicing of 108 plots
- ✚ Cleaning – up Campaigns

Loxton

-  Upgrading of Water Resource
-  Erecting of High Mast Lights
-  Eradication of Buckets in Loxton
-  Supply 60 plots with water
-  Upgrading of community hall & offices
-  Upgrading of Bridge

During the financial year R226 136.00 was budgeted from our funds engendered by job creation projects.








Workers Employed

During the period 1 300 jobless people were employed.

Local Economic Development

This is an area needing more earnest focus. Council adopted an Incentive Policy to encourage investors. We are in a partnership with the Apollo Development Association to bring LED in our area. We make provision for a fully operational LED section into our organisational structure, in the next financial year. We had a discussion with DBSA to assist us to develop a LED strategy for our Municipality. Investors of America are already investing in Richmond. Karoo Free Range invests more than R 10,000,000.00 in Victoria West by upgrading the Municipal Abattoir. Our Municipality participated in the District Growth & Development summit. Ubuntu Municipality was a partner in SMME training that was conducted by SEDA. Ubuntu Municipality accommodated Eagle Flight School at our Air strip, and this had a huge impact on our economy. We gave people of Loxton land to start a nursery. The municipality assisted women in our area to start food gardening projects.

In the view of the above the Council is now considering the following:

-  Upgrading of existing buildings & infrastructure
-  Cleaning of public environment
-  Reducing crime in our areas
-  Marketing our areas
-  Appointment LED staff
-  Attracting new business & investors
-  Reviving the Tourism office in our area

Project Management

In all our implemented projects we utilized our staff to do Project Management. Where we encounter capacity problems, we are assisted by the Pixley Ka Seme District Municipalities Technical Service Division.

Commonage

During this financial year the entire commonage in the Ubuntu area was let to the Emerging Farmers in our Municipal Area. A Commonage Management Plan were drafted and adopted by Council. The only problem that we encountered was the poor payment of rent and the upgrading of fences and assets on the commonage. The Department of Land Affairs made a commitment to assist us with the upgrading of the commonage.

Tourism

The tourism office was situated at the Apollo Development Association. The office was managed by one of the officials of Apollo Development Association. The following issues received attention:

- ✚ Compilation of data of all SMME's
- ✚ Database of Guesthouses in the Municipal Area
- ✚ Some of the guesthouses are graded. (Others need to be encouraged.)

The following will require urgent attention:

- ✚ Funding for tourism office
- ✚ Training of tourism office staff
- ✚ Appointment of tour guides
- ✚ Encouraging Black Communities to become involved in tourism (guesthouses)
- ✚ Upgrading of existing tourism attractions

Shortcomings

- ✚ A fully operational Tourism office with trained staff.

Corporate Service Department

The Department of Corporate Services includes of Administration, Human Resources, Traffic, Libraries, Primary Health and Cleaning Services.

Secretariat Services

The primary responsibility of this division is to arrange meetings, prepare agendas, and record minutes. The Council functions as a multi-committee system and the following committees met regularly on a monthly basis (or as indicated between brackets)

- ✚ General Council Meetings (6)
- ✚ Special Council Meetings (8)
- ✚ Corporate Service Committee Meetings (5)
- ✚ Financial Committee Meetings (6)
- ✚ Technical Committee Meetings (5)
- ✚ Budget Consultation Meetings (5)
- ✚ IDP representative Forum Meetings (4)

The following ad hoc committees meet on a regular basis

- ✚ Five Local Labour Forum meetings took place during the year.
- ✚ No Performance Management Committee Meetings were held during the year
- ✚ Training Committee.

This division is also responsible for typing, translation services, and bookings of reservations and the handling of switchboards functions.

Legal Services

At present Council does not have a legal services division but we utilize private attorneys and the Legal Services of the Shared Services component of Pixley Ka Seme District Municipality. During the financial year under review some of the policies & bylaws of council were reviewed.

Property Transactions

Various transactions were conducted, including the sale of erven & property. Various lease agreements were entered into, or renewed.

Municipal Offices, Halls & Buildings

This section of the Department is mainly responsible for providing a cleaning service to the offices, halls and buildings of Council. The following halls & buildings were regularly cleaned by staff in this department, assisted by the Technical Services Department:

- ✚ Victoria West Town Hall
- ✚ Kappertjie Street Community Hall
- ✚ Masinyusane Community Hall
- ✚ Council Chambers in Victoria West & Richmond
- ✚ Ward Councillors Offices
- ✚ Community Development Workers offices
- ✚ Head offices in Victoria West
- ✚ Masinyusane Municipal Offices
- ✚ Loxton Municipal Office & Library
- ✚ Richmond Municipal Office
- ✚ Nomzamo
- ✚ Community Hall
- ✚ Loxton Community Hall
- ✚ Victoria West Caravan Park
- ✚ Motor Vehicle Testing Station Victoria West
- ✚ Richmond Show Hall
- ✚ Victoria West Clinic
- ✚ Municipal Stores & Offices
- ✚ Mayors Office
- ✚ Committee Room

Community Halls

We have 15 permanent employees cleaning the buildings & offices during the financial year under review. Many unemployed temporary workers were involved in the cleaning of the buildings. The leasing of Hall falls under this section. Income of R16 506.00 was generated by the leasing of the halls.

Registry/Archives

This section provides comprehensive photocopying services and is also responsible for the record control system and postal and fax services of the Council. It provides a support service for all council's activities.

Library Services

Ubuntu Municipality has 4 libraries in the three towns, providing an excellent information service to the inhabitants. We have prepared a business plan for the Library Development Programme which was submitted to the Departments of Sports, Arts & Culture. An amount of R238 000.00 was received from the Department of Sports, Arts & Culture for the Library Development programme. We allocated the funds as follows:

- ✚ We have appointed six (6) temporally staff
- ✚ Provided internet service to the communities
- ✚ Held exhibitions
- ✚ Had a library week
- ✚ Improved the roof of Jannie Jansen Library
- ✚ Conducted Youth development programmes
- ✚ Installed burglar bar for security.
- ✚ Purchased library material
- ✚ Upgraded libraries

Traffic Services

The primary task of the Traffic Service section is to enforce road safety by monitoring traffic violations. The following tasks were executed during the financial year:

- ✚ Roadworthy examination
- ✚ Testing of vehicles
- ✚ Law Enforcement
- ✚ Speed Law Enforcement
- ✚ Motor vehicle registration
- ✚ Learners License (Done by Provincial Traffic)

We have registered 5 unemployed youth with the Traffic College in Cape Town.

Housing







This section deals with the delivery and planning of houses to the inhabitants of Ubuntu. For the year under review we surveyed 176 erven in Victoria West and 108 erven in Richmond. We also started building 176 houses in Victoria West and 108 houses in Richmond. We keep an up-to-date Housing Waiting List. During the year under review we transferred Bonanza houses of Council to the inhabitants who used to rent the houses.

The following number of houses was completed:

- ✚ 50 houses completed (Relocation of Witblokke residents)
- ✚ 60% completion of 176 houses in Mandela Square
- ✚ 40% completion of 108 houses in Richmond

Municipal Systems Improvement Grant (MSIG)

The MSIG is a conditional grant directed to a select number of Local & District Municipalities. The purpose of the grant is to support Municipalities in implementing new systems as covered by the Municipal Systems Act, Municipal Structure and related policy & legislations. Ubuntu Municipality received an amount of R734 000.00 for this programme which was spent as follows:

-  Reviewing the IDP
-  Implementation of the Performance Management System & Policy
-  Implementation of Section 78: Delegation of powers
-  Compilation of Financial Statements
-  Drafting of Valuation Roll
-  PIMS operational cost for Shared Services

Performance Management Evaluation

INTRODUCTION

The report is made in terms of the Performance Management System of Ubuntu Municipality and the Local Government: Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (Municipal Performance Regulations)

LEGISLATIVE FRAMEWORK

The following conditions are required to award a bonus to an employee for outstanding performance as prescribed by legislation.

Affordability

Section 38 of the Municipal Systems Act requires a municipality to establish a performance management system which is commensurate with its resources. The Municipal Performance Report, in section 8, makes affordability to the municipality a condition for bonuses to be paid to senior managers.

Period Permissible to Award a Performance Bonus

The Municipal Systems Amendment Act restricts the award of bonuses to employees to a period of a financial year.

Adoption of Annual Report by Council.

A further condition is that a performance bonus can only be paid after the Annual Report for the year under review has been tabled and adopted by Council. By this time, the Auditor General has had an opportunity to express an opinion on the municipality's financial statements and the municipality's planning and performance management systems.

It is also at this stage that the Oversight Committee of Council has had an opportunity to make recommendations to Council on the Annual Report in terms of section 129 of the MFMA.

The Annual Report content, process and resultant Oversight Report is a fairly accurate indicator of overall performance of a municipality over a particular year.

Performance Evaluation

The fourth condition is for a credible performance evaluation or assessment process in terms of the section 26 and 27 of the Municipal Performance Regulations.

Council Approval

The fifth condition is that the Evaluation or Performance Assessment Report and the awarding of bonuses must be approved by Council.

Percentage Limit

A Performance bonus is capped at 14% of the all-inclusive remuneration package in terms of section 32 of the Municipal Performance Regulations.

THE 2007/08 FINANCIAL YEAR PERFORMANCE EVALUATION

The 2007/08 Performance Evaluation took place in February/March 2009. A service provider was contracted to ensure strict adherence to legislation, transparency between contracting parties and, as an outside party, to add to the legitimacy of the process.

A workshop was held before individual senior managers' assessments could take place to ensure that all senior managers were familiar with applicable legislation and the process and procedure of assessment. No evaluation was done of the Institution performance and service providers; this will have to form part of any future evaluations.

EMPLOYEES EVALUATED

The report covers the annual performance assessment for the 2007/08 of the following employees

NAME	DEPARTMENT
1. H Jacobs	Corporate Services
2. E Christiansen	Finance
3. M Kivido	Technical Services
4. M Fillis	Municipal Manager

EVALUATION PROCEDURE AND CRITERIA

Procedure

Each manager was required to compile a portfolio of evidence supporting their performance against key performance indicators, in accordance with their signed performance agreements.

Employees were also to indicate their own self-scores against the total weighting for each KPI in the performance agreements.

The scores were then, in accordance with section 57, confirmed with the Municipal Manager and with the Mayor, in reference to the Municipal Manager, based on satisfaction with the evidence submitted.

Criteria

The assessment criteria consists of two components with a weighting of 80:20 allocated to key performance areas (KPAs) and core competency requirements (CCR) requirements, respectively.

80% of the score concerns the main area of work. Assessment would be based on performance in terms of outputs and outcomes linked to KPAs, agreed to in the performance plan.

20% of the score concerns CCR deemed to be the most critical for the employee's specific job and agreed to during contracting.

Key Performance Areas

The KPAs are modelled according to the 2006-2011 Local Government Strategic Agenda.

- Basic Service delivery;
- Municipal Institutional Development and Transformation;
- Local economic Development;
- Municipal Financial Viability and Management;
- Good Governance and Public Participation;
-

Core Managerial and Occupational Competencies

CCRs are selected, in accordance with the specific field of a Senior Manager, from the following regulations list:

- Strategic capability and leadership;
- Programme and project management;
- Financial management (c);
- Change management;
- Knowledge management;
- Service Delivery Innovation;
- Problem solving and analysis;
- People management and empowerment (c);
- Client orientation and customer focus (c);
- Communication;
- Honesty and integrity;
- Policy implementation within national policy frameworks;
- Knowledge of PMS and Reporting;
- Global and local political and economic context;
- Policy conceptualization, analysis and implementation;
- Knowledge of multiple municipal fields or discipline;
- Mediation skills;
- Governance skills;
- Self management;
- Competence as required by other national line departments;
- Creativity to improve the functioning of the municipality

SYNOPSIS OF EVIDENCE

Head of Department: Corporate Services

Key Performance Areas:

Key performance Area	Weighting	Objective	Key Indicator	Performance Target	Ref	S/Score	C/SCORE	F/SCORE
1. Municipal Institutional Development and Transformation	60	• To establish an effective organisational structure	▪ Review	Once	corp 9	5	4	5
			▪ Filling of all vacant Critical posts	Annually	corp 9	5	4	5
		• To develop and implement a performance management system	▪ Implementation of PMS for MM + Direct Reports	Annually	corp 4	4	3	4
			▪ Review of PMS	Quarterly		2	1	2
		• To adhere to the Municipality's employment equity plan	▪ Implement EE Plan	Annually	corp 8	4	3	4
		• To develop the Municipality's human resources	▪ Compilation of an Integrated Institutional Plan	Once	corp 5	5	5	5
		• To review and implement the Skills Development Plan	▪ To review the current SDP	Annually	corp 3 & 7	5	4	5
			▪ To develop a Training Programme in accordance with the SDP	Annually	corp 3 & 7	3	3	3
		• To improve the moral and team spirit	▪ To Have Departmental team Building Sessions	Annually		1	1	1

		<ul style="list-style-type: none"> To improve the relationship between politicians, officials and amongst politicians 	<ul style="list-style-type: none"> To have a Council Bosberaad to clarify the roles and functions of all internal role players 	Annually	corp 10	5	5	5
		<ul style="list-style-type: none"> To prevent and combat corruption 	<ul style="list-style-type: none"> To develop a fraud and anti- corruption policy 	Once	corp 5	5	4	5
		<ul style="list-style-type: none"> The improvement of the safety and security of residents 	<ul style="list-style-type: none"> To participate in Safety and Security programmes 	Annually		1	1	1
			<ul style="list-style-type: none"> To review and implement the HIV/ Aids policy of the Municipality 	Annually	corp 5	3	1	3
		Revision of the IDP	<ul style="list-style-type: none"> Review and adoption the IDP 	Annually	corp 6	4	4	4
2. Local Economic Development (LED)	20	<ul style="list-style-type: none"> To promote local economic development in the Municipal area 	<ul style="list-style-type: none"> Participate in the DGDS 	Once		3	3	3
			<ul style="list-style-type: none"> Implement DGDS Resolutions 	Annually		3	3	3
			<ul style="list-style-type: none"> To develop a LED and Tourism plan 	Annually		2	2	2
		<ul style="list-style-type: none"> To create job opportunities 	<ul style="list-style-type: none"> 250 job opportunities created 	Once		5	5	5
3. Good Governance and Public Participation	20	<ul style="list-style-type: none"> To promote a culture of open communication with all internal and external stakeholders 	<ul style="list-style-type: none"> Programme for Public Participation 	Annually	corp 2	4	4	4
			<ul style="list-style-type: none"> Development of a Policy 	Once	corp 1	5	5	5

Core Competency Requirements:

CORE MANAGERIAL COMPETENCIES (CMC)		WEIGHT %	S/SCORE	MM/SCORE	F/SCORE
Financial Management	compulsory	10	4	3	3
Change Management		10	3	3	3
People Management and Empowerment	compulsory	10	4	3	3
Client Orientation and Customer Focus	compulsory	10	3	3	3
Communication		10	4	3	4
CORE OCCUPATIONAL COMPETENCIES (COC)					
Interpretation of and implementation within the legislative an national policy frameworks		10	4	3	3
Knowledge of Performance Management and Reporting		10	3	3	3
Competence in policy conceptualisation, analysis and implementation		10	4	4	4
Skills in Mediation		10	4	4	4
Exceptional and dynamic creativity to improve the functioning of the municipality		10	4	3	3
Total percentage	-	100%	37	32	33

Head of Department: Finance

Key Performance Areas:

Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date	Ref	S/Score	C/SCORE	F/SCORE
1. Municipal Financial Viability and Management	80	<ul style="list-style-type: none"> To increase payment services for 	<ul style="list-style-type: none"> To increase payment of services to 90% 	Annually	30-Jun-08	cfo 1	4		3
			<ul style="list-style-type: none"> Review of the Credit Control Policy 	Annually	30-Jun-08	cfo 2	4		3
			<ul style="list-style-type: none"> To by-law the Amendments or Reviewed CC Policy 	Once	30-Jun-08	cfo 3	4		3
			<ul style="list-style-type: none"> Reporting on income and expenditure 	Monthly, Quarterly	10 th of Each Month	cfo 4	5		5
		<ul style="list-style-type: none"> To manage expenditure and income in accordance with the approved budget 	<ul style="list-style-type: none"> 100% expenditure on Capital 	Annually	30-Jun-08	cfo 5	5		5
			<ul style="list-style-type: none"> To complete Financial Statements 	Annually	31-Aug-06	cfo 6	5		5
			<ul style="list-style-type: none"> To complete the budget on the prescribed time 	Annually	31-May-08	cfo 7	5		5

		<ul style="list-style-type: none"> To improve the financial viability of the Municipality 	<ul style="list-style-type: none"> To establish a budget monitoring committee 	Once	31-Oct-08			1	1
			<ul style="list-style-type: none"> To establish a system of internal audit 	Annually	31-Oct-08	cfo 8		5	4
2. Good Governance and Public Participation	20	<ul style="list-style-type: none"> To promote a culture of open communication with all internal and external stakeholders 	<ul style="list-style-type: none"> Programme for Public Participation 	Annually	31-Oct-08	corp 2		4	4
			<ul style="list-style-type: none"> Development of a Policy 	Once	30-Jun-08	corp 1		5	5

Core Competency Requirements:

CORE MANAGERIAL COMPETENCIES (CMC)	x	WEIGHT	S/SCORE	MM/SCORE	F/SCORE
Financial Management	compulsory	10	4	4	4
Knowledge Management		10	5	4	4
Problem Solving and Analysis		10	5	4	4
People Management and Empowerment	compulsory	10	4	3	3
Client Orientation and Customer Focus	compulsory	10	4	3	3
CORE OCCUPATIONAL COMPETENCIES (COC)					
Interpretation of and implementation within the legislative and national policy frameworks		10	5	4	4
Competence in policy conceptualisation, analysis and implementation		10	4	3	3
Skills in Mediation		10	5	4	4
Skills in Governance		10	4	4	4
Exceptional and dynamic creativity to improve the functioning of the municipality		10	5	4	4
Total percentage	-	100%	45	37	37

Head of Department: Technical Services

Key Performance Areas:

Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date	Ref	S/Score	C/Score	F/Score
1. Basic Service Delivery	65	• To improve customer care and service delivery	▪ To provide crucial documents of the Municipality in laymen's language	Continuous	30-Jun-08	T2	4	4	4
			▪ 100% expenditure on implementation	Continuous	30-Jun-08	cfo 4	4		4
		• To Plan, provide infrastructure and Services	▪ Successful implementation of approved projects as per the project implementation plan	100%	30-Jun-08	T1	3	3	3
			▪ Reports: DORA;	100%	10 th of each month	cfo 4	4	4	4
			▪ Business plan	Annually	30-Jun-08	T3	4	4	4

			▪ Eradicate the backlog of all buckets	100%			4	4	4
		• To Manage the Planning and Development Function of the Municipality according to the IDP taking into cognisance the Provincial Growth and Development Strategy	▪ Report on the implementation of Project of the IDP	Annually	31-Mar-08				
						corp 6	4		4
2. Local Economic Development (LED)	15	• To create job opportunities	▪ 250 job opportunities created	Annually	30-Jun-08	T1	5	5	5
3. Good Governance and Public Participation	20	• To promote a culture of open communication with all internal and external stakeholders	▪ Programme for Public Participation	Annually	31-Oct-08	corp2	4	4	4
			▪ Development of a Policy	Once	30-Jun-08	corp 1	5	5	5

Core Competency Requirements:

CORE MANAGERIAL COMPETENCIES (CMC)	√	WEIGHT	S/SCORE	MM/SCORE	F/SCORE
Financial Management	compulsory	10	3	3	3
Knowledge Management		10	4	4	4
People Management and Empowerment	compulsory	10	4	4	4
Client Orientation and Customer Focus	compulsory	10	4	4	4
Honesty and Integrity		10	4	4	4
CORE OCCUPATIONAL COMPETENCIES (COC)					
Interpretation of and implementation within the legislative an national policy frameworks		10	3	3	3
Competence in policy conceptualisation, analysis and implementation		10	3	3	3
Knowledge of more than one functional municipal field / discipline		10	4	4	4
Skills in Mediation		10	4	4	4
Exceptional and dynamic creativity to improve the functioning of the municipality		10	4	4	4
Total percentage	-	100%	37	37	37

Municipal Manager

Key Performance Areas:

Key performance Area	Weighting	Objective	Key Performance Indicator	Performance Target	Target Date	Ref	S/Score	C/SCORE	F/SCORE
1. Basic Service Delivery	15	To improve customer care and service delivery	<ul style="list-style-type: none"> To provide crucial documents of the Municipality in laymen's language 	Continuous	30-Jun-08	T2	4	4	4
		To Plan, provide infrastructure and Services	<ul style="list-style-type: none"> Reports: DORA; 	Monthly	10 th of each month	cfo 4	4	4	4
			<ul style="list-style-type: none"> Business plan 	100%	30-Jun-08	T3	4	4	4
			<ul style="list-style-type: none"> Eradicate the backlog of all buckets 	100%	30-Jun-08		4	4	4

		<ul style="list-style-type: none"> To Manage the Planning and Development Function of the Municipality according to the IDP taking into cognisance the Provincial Growth and Development Strategy 	<ul style="list-style-type: none"> Review and adoption the IDP 	Annually	31-Mar-08				
						corp6	4	4	4
			<ul style="list-style-type: none"> Report on the implementation of Project of the IDP 	100%		corp6	4	4	4
2. Municipal Institutional Development and Transformation	15	To establish an effective organisational structure	<ul style="list-style-type: none"> Review 	Once	31-Dec-07	corp9	5	5	5
			<ul style="list-style-type: none"> Filling of all vacant Critical posts 		30-Jun-08	corp 9	5	5	5
		To develop and implement a performance management system	<ul style="list-style-type: none"> Implementation of PMS for MM + Direct Reports 	Annually	14-Aug-07	corp4	4	4	4

		▪ Review of PMS	Quarterly	End of each quarter		2	2	2
	To adhere to the Municipality's employment equity plan	▪ Implement EE Plan	Annually	30-Jun-08	corp8	4	4	4
	To develop the Municipality's human resources	▪ Compilation of an Integrated Institutional Plan	Once	30-Jun-08	corp5	5	5	5
	To review and implement the Skills Development Plan	▪ To review the current SDP	Annually	30-Jun-08	corp3 & 7	5	5	5
		▪ To develop a Training Programme in accordance with the SDP	Annually	30-Jun-08	corp 3 & 7	3	3	3
	To improve the moral and team spirit	▪ To Have Departmental team Building Sessions	Annually	30-Jun-08		1	1	1
	To prevent and combat corruption	▪ To develop a fraud and anti-corruption policy	Once	30-Jun-08	corp5	5	5	5
		▪ To participate in Safety and Security programmes	Annually	30-Jun-08		1	1	1

		To improve the relationship between politicians, officials and amongst politicians	To Have Bosberaad/ Strategic Planning Sessions	Annually	30-Jun-08	corp10	5	5	5
		The improvement of the safety and security of residents	▪ To review and implement the HIV/ Aids policy of the Municipality	Annually	30-Jun-08	corp5	3	3	3
3. Local Economic Development (LED)	• 30	To promote local economic development in the Municipal area	▪ Participate in the DGDS	Once	30-Jun-08		3	3	3
			▪ Implement DGDS Resolutions	Annually	30-Jun-08		3	3	3
			▪ To develop a LED and Tourism plan	Once	30-Jun-08		2	2	2
		To create job opportunities	▪ 250 job opportunities created	Annually	30-Jun-08	T1	5	5	5
4. Municipal Financial Viability and Management	20	To increase the payment for services	▪ To increase payment of services to 90%	Annually	30-Jun-08	cfo1	5	5	5
			▪ Review of the Credit Control Policy	Annually	30-Jun-08	cfo2	3	3	3

			<ul style="list-style-type: none"> ▪ To by-law the Amendments or Reviewed CC Policy 	Once	30-Jun-08	cfo3	3	3	3
		To manage expenditure and income in accordance with the approved budget	<ul style="list-style-type: none"> ▪ Reporting on income and expenditure 	Monthly, Quarterly	10 th of Each Month	cfo4	3	3	3
			<ul style="list-style-type: none"> ▪ 100% expenditure on Capital 	Annually	30-Jun-08	cfo5	5	5	5
			<ul style="list-style-type: none"> ▪ To complete Financial Statements 	Annually	31-Aug-06	cfo6	5	5	5
			<ul style="list-style-type: none"> ▪ To complete the budget on the prescribed time 	Annually	31-May-08	cfo7	5	5	5
		<ul style="list-style-type: none"> • To improve the financial viability of the Municipality 	<ul style="list-style-type: none"> ▪ To establish a budget monitoring committee 	Once	31-Oct-08		1	1	1
			<ul style="list-style-type: none"> ▪ To establish a system of internal audit 	Annually	31-Oct-08	cfo8	4	4	4
5. Good Governance and Public Participation	20	<ul style="list-style-type: none"> • To promote a culture of open communication with all internal and external stakeholders 	<ul style="list-style-type: none"> ▪ Programme for Public Participation 	Annually	31-Oct-08	corp 2	4	4	4
			<ul style="list-style-type: none"> ▪ Development of a Policy 	Once	30-Jun-08	corp 1	5	5	5

Core Competency Requirements:

CORE MANAGERIAL COMPETENCIES (CMC)	x	WEIGHT	S/SCORE	M/SCORE	F/SCORE
Financial Management	compulsory	10			4
Knowledge Management		10			4
People Management and Empowerment	compulsory	10			5
Client Orientation and Customer Focus	compulsory	10			5
Honesty and Integrity		10			4
CORE OCCUPATIONAL COMPETENCIES (COC)					
Interpretation of and implementation within the legislative and national policy frameworks		10			4
Competence in policy conceptualisation, analysis and implementation		10			4
Knowledge of more than one functional municipal field / discipline		10			4
Skills in Mediation		10			4
Exceptional and dynamic creativity to improve the functioning of the municipality		10			5
Total percentage	-	100%			43

COMBINED SCORESHEET

Name	Designation	KPA Score	Potential KPA Score	KPA score as %	Reworked KPA Score	CCR Score	Potential CCR Score	CCR Score as %	Reworked CCR Score	Combined Score	Full Percentage
H Jacobs	HCS	76.00	100.00	76.00	60.80	33.00	50.00	66.00	13.20	74.00	74
C Christiansen	CFO	43.00	55.00	78.18	62.55	37.00	50.00	74.00	14.80	77.35	77
M Kivido	HTS	41.57	50.00	83.14	66.51	37.00	50.00	74.00	14.80	81.31	81
M Fillis	MM	128.00	170.00	75.29	60.24	43.00	50.00	86.00	17.20	77.44	77

MANAGEMENT OF EVALUATION OUTCOMES

Overall Rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcome of the performance appraisal.

<i>Level</i>	<i>Terminology</i>	<i>Description</i>	<i>Points Awarded</i>	<i>Assessing Score</i>	<i>Percentage to Bonus Relationship</i>
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.	5	75-100	A maximum bonus is allowed between 10 and 14% of a person's all inclusive yearly remuneration package. (the percentage will be approved by the Municipal Council's Council decision before payment)
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.	4	65-74	A maximum bonus is allowed between 5 and 9% of a person's all inclusive yearly remuneration package. (the percentage will be approved by the Municipal Council's Council decision before payment)

<i>Level</i>	<i>Terminology</i>	<i>Description</i>	<i>Points Awarded</i>	<i>Assessing Score</i>	<i>Percentage to Bonus Relationship</i>
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.	3	51-64	No Bonus
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.	2	31-50	No Bonus
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.	1	Less than 30	No Bonus

Section 32 of the regulations determines the criteria for managing the results of performance evaluation in order to determine the bonus payable to each employee. The scale in the table below guides the determination of bonuses to be paid to employees for outstanding performance.

Percentages as per Regulation	Percentage Achieved (%)	Bonus Percentage (%)
5-9%	66	5
	68	6
	70	7
	72	8
	74	9
10-14%	75	10
	80	11
	85	12
	90	13
	95	14
	100	14

OVERALL RATING

The overall rating achieved for the Key Performance Areas and Core Competency Requirements were then converted to a scale of 1 to 5. 1 representing unacceptable performance, and 5 representing outstanding performance as outlined above.

FINAL SCORES AND PERCENTAGE BONUS

The following were the final scores and bonus percentages payable on the employees total remuneration packages.

NAME	DESIGNATION	Evaluation Scores	% Bonus payable
H Jacobs	HOD: Corporate Services	74	9%
E Christiansen	Chief Financial Officer	77	10%

M Kivido	HOD: Technical Services	81	11%
M Fillis	Municipal Manager	77	10%

GENERAL RECOMMENDATIONS

The following recommendations were made to improve the municipality's Performance Management System.

Performance Agreements must ensure:






- Proper baseline information for each KPI;
- KPIs to be input, output and outcome based;
- Quarterly performance targets as a mirror of performance targets of the Technical SDBIP.

CONCLUSION

The Council approves or rejects the *Performance Evaluation Report* and authorises the payment of performance bonuses or institutes the remedial steps as recommended

5.2. Department Technical Services

The Technical Department includes the following services:

-  Water Services
-  Sewerage Services
-  Sanitation and Refuse Removal
-  Electrical Services
-  Roads

Water Services

The main task of this department is to provide clean and fresh water to all residents and visitors to the municipality. The Council was able to deliver all services at a compatible level. Seventy percent of water is purchased from a farm 10 km from Victoria West. Water samples are collected every second week. Test results are available at the municipality. A further responsibility of the municipality is to have a water conservation and demand management plan and the municipality operates the system in terms of such a plan.

A Water Services Development Plan is compiled by Stabilis where 90% completed. Water levels are monitored on a regular basis. All boreholes are fenced.

Sewerage Services

To comply with the millennium goals of Government, all buckets need to be eradicated before 31 December 2007, and the municipality complied by eradicating 967 buckets which were replaced with full water borne systems. A further 270 houses are being serviced with sewerage infrastructure and during the 2008/09 financial year all buckets will be removed.

Despite the ageing sanitation trucks, full service was delivered to the municipal residents. The main sewer line between extension 8 pump station and sewerage plant was replaced with a 200 mm UPVC pipeline over a distance of 1,8 km in order to improve the service to both the abattoir and residents of extension 8 & 9. Two sewerage pump stations were built and old pump stations were replaced.

Sanitation and Refuse Removal

Residential customers receive this service once a week, whilst business customers receive the service twice a week. Current refuse sites in Victoria West are a challenge, and environmental impact studies are currently being done to access to problems.

Electrical Services

This is a continuous process and the best possible services with the current resources are being delivered. The ageing networks pose a challenge. The municipality appointed 2 new technicians to assist with better service delivery. Illegal power usages are one of the municipality's biggest challenges, but the department managed to curtail it by 80%. This meant a 6% reduction in the power usage of the municipality. Currently the 2nd and last phase of the power network in Richmond is being upgraded at a cost of R1,

800,000.00 and will be completed in the 2008/09 financial year. In Loxton a new network was built for power distribution to emerging farmers. In Victoria West the network to the abattoir was upgraded to a 315 KVA line.

Lightning conductors were installed at all high voltage transformers and after the installations no transformers were damaged.

A number of street lights were replaced with low energy light bulbs and an 80% saving was recorded. SEF problems were all sorted out and currently no loss is recorded. High voltage cable and CT's were replaced on the Masinyusani line to minimise power failures on the line. Old cables could be reused to minimise the costs.

The majority of the card type prepaid power meters were replaced with push button meters. Precautionary maintenance in Richmond was done and this resulted in 60% reduction in call-outs, this will further improve after the new 22KV network is completed.

Roads

The Grader is ageing and is difficult to keep operational. Despite this problem, the streets are graded as often as possible. Maintenance on tarred roads is done as needed.